

Message Text

PAGE 01 GUATEM 03192 01 OF 02 031750 Z

46

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 PC-04 OMB-01 CIAE-00 COME-00

EB-11 INR-10 LAB-06 NSAE-00 RSC-01 SIL-01 CU-04 IO-13

DODE-00 PM-07 H-02 L-03 NSC-10 PA-03 PRS-01 SS-15

USIA-12 RSR-01 /143 W

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R 031650 Z JUL 73

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 0194

C O N F I D E N T I A L SECTION 1 OF 2 GUATEMALA 3192

E. O.11652: GDS

TAGS: PINT

SUBJECT: PRESIDENT ARANA DELIVERS MAJOR SPEECH: PROMISES WAGE
INCREASES; ATTACKS OPPOSITION

SUMMARY: IN FIRST MAJOR SPEECH TO NATION SINCE CHRISTMAS,
PRESIDENT ARANA ACKNOWLEDGED AND PROMISED THAT HIS GOVERNMENT
WOULD SOON GRANT GENERAL WAGE INCREASES TO STATE EMPLOYEES.
INCREASES CONDITIONED, HOWEVER, ON GOG' S KEEPING BALANCED
BUDGET. ARANA ALSO USED SPEECH TO ANSWER GROWING
CRITICISM BY OPPOSITION LEADERS THAT GOG IS STIFLING
DEMOCRATIC PROCESS. HE ATTACKED OPPOSITION AS INCAPABLE OR
DISINTERESTED IN EFFECTING REAL REFORMS AND CLAIMED SOLE
INTEREST WAS TO GAIN POWER. END SUMMARY.

1. IN MAJOR SPEECH TRANSMITTED BY NATIONWIDE RADIO- TELEVISION
NETWORK ON JUNE 29, PRESIDENT DISCUSSED CURRENT ISSUES
OF INFLATION, WAGE INCREASES, OPPOSITION CRITICISM OF
GOG PERFORMANCE, AND STIFLING OF DEMOCRATIC PROCESS.
TAKING OPPOSITION CRITICISM FIRST, HE DECLARED THAT HE
HAS FORCEFULLY ATTACKED GUATEMALA' S PROBLEMS AS HE SAW
THEM ON TAKING POWER THREE YEARS AGO, RESTORING " PEACE
AND TRANQUILITY" WHILE UNDERTAKING AMBITIOUS PROGRAM OF
INFRASTRUCTURE CREATION (HIGHWAYS, SCHOOLS, HEALTH
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PAGE 02 GUATEM 03192 01 OF 02 031750 Z

FACILITIES, AND ELECTRIC POWER) TO BENEFIT ALL THE PEOPLE.
THIS PROGRAM, HE SAID, HAS MADE HIS GOVERNMENT POPULAR
WITH THE MASS OG GUATEMALANS. ASKING WHY OPPOSITION
ATTACKS HIS GOVERNMENT IN FACE OF THESE ACHIEVEMENTS,

PRESIDENT CONCLUDED THAT OPPOSITION ONLY IN SEARCH OF ISSUE THROUGH WHICH TO GAIN POWER, AND THAT IT HAS NO INTEREST OR CAPACITY TO SERVE PEOPLE. MAKING INDIRECT REFERENCE TO GUATEMALA CITY MAYOR AND PRESIDENTIAL ASPIRANT MANUEL COLOM ARGUETA, ARANA ASKED HOW OPPOSITION COULD PRETEND TO EFFECT BASIC SOCIAL CHANGE WHEN IT WAS " INCAPABLE OF CLEANING UP UNSANITARY CONDITIONS IN THREE PUBLIC MARKETS." RE CRITICISM THAT GOG IS SUFFOCATING DEMOCRATIC PROCESS, ARANA ASSERTED THAT TWO OPPOSITION PARTIES ARE FREELY ENGAGED IN ELECTORAL RACE WHILE COMMITTEES TO FORM NEW PARTIES ARE ACTIVE. AGAIN REFERRING INDIRECTLY TO COLOM, ARANA DECLARED HE WOULD NOT " VIOLATE THE LAW" JUST FOR THE SAKE OF REGISTERING NEW PARTY. ARANA REITERATED HIS PROMISE TO HOLD 1974 ELECTIONS, " GOD WILLING," BUT CONDITIONED THIS PROMISE ON PREMISE THAT ALL GUATEMALANS KEEP WITHIN THE LAW AND AVOID EXCESSES AND VIOLENCE WHICH " ENDANGER THE ELECTORAL PROCESS."

2. TURNING TO THE RISING COST OF LIVING, ARANA ADMITTED THAT GUATEMALA IS SUFFERING EFFECTS OF INFLATION, BUT BLAMED THIS ON MONETARY DEVALUATIONS, WORLD SHORTAGES OF ESSENTIAL PRODUCTS, AND GENERAL WORLD- WIDE INFLATION. HE ALSO NOTED THAT LAST YEAR'S DROUGHT HAD REDUCED FOOD PRODUCTION IN GUATEMALA WHILE " INCREASED EMPLOYMENT" HAD CREATED MORE DEMAND AND, IN TURN, SHORTAGES AND HIGHER PRICES. HE COMMITTED THE GOG TO GUARANTEEING ADEQUATE SUPPLY OF BASIC FOOD ITEMS AT REASONABLE PRICES, BUT WITHOUT RESORTING TO MEASURES THAT " DAMPEN PRODUCTION ." FINALLY, HE CASTIGATED HOUSEWIVES FOR PROTESTING SMALL INCREASES IN COST OF BASIC FOOD ITEMS WHICH ARE PRODUCED NOT BY RICH LANDOWNERS, BUT BY " POOR PEOPLE" WHO ALSO WANT TO SHARE IN NATION'S PROSPERITY.

3. TAKING UP ISSUE OF TEACHERS' WAGES (SEE A-107), ARANA ASSERTED GOG'S DETERMINATION TO INCREASE WAGES OF ALL THE GOVERNMENT'S LOWEST PAID WORKERS, NOT JUST TEACHERS, CONFIDENTIAL

PAGE 03 GUATEM 03192 01 OF 02 031750 Z

SAYING THAT HE WANTED TO " BENEFIT DEVELOPMENT AND GENERAL WELFARE OF PEOPLE." WAGE INCREASES MUST AWAIT, HOWEVER, CAREFUL ANALYSIS OF WHERE MONEY WILL COME FROM SINCE " THE GOVERNMENT CANNOT MANUFACTURE MONEY AND IT WILL HAVE TO COME FROM SOMEONE'S POCKET."

4. IN CLOSING, ARANA DECLARED THAT HIS GOVERNMENT IS STRONG INTERNALLY BECAUSE IT HAS SATISFIED THE NEEDS OF THE PEOPLE AND IS STRONG EXTERNALLY BECAUSE IT DOES NOT INTERFERE IN AFFAIRS OF OTHER COUNTRIES. HE SAID CRITICISM OF OPPOSITION DOES NOT BOTHER HIM BECAUSE HE KNOWS HE IS POPULAR. IN INTERNATIONAL AFFAIRS, HE DECLARED THAT GUATEMALA DEMANDS RECIPROCITY IN RESPECT

FOR ITS SOVEREIGNTY AND INDEPENDENCE.

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PAGE 01 GUATEM 03192 02 OF 02 031742 Z

46

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FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 0195

C O N F I D E N T I A L SECTION 2 OF 2 GUATEMALA 3192

E. O.11652: GDS

TAGS: PINT

SUBJECT: PRESIDENT ARANA DELIVERS MAJOR SPEECH: PROMISES WAGE
INCREASES; ATTACKS OPPOSITION

5. COMMENT: AFTER HIS DULL " STATE OF THE NATION" SPEECH
TO CONGRESS ON JUNE 15 (SEE A-139), THIS SPEECH WAS ARANA' S
FIRST MAJOR ADDRESS SINCE CHRISTMAS (SEE A-005). AS IN

THE CHRISTMAS SPEECH, ARANA RECOUNTED HIS GOVERNMENT' S
ACHIEVEMENTS AND ATTACKED THE OPPOSITION FOR BEING TOO
CRITICAL. ARANA' S APPARENT CONFIDENCE IN SUCCESS OF HIS
PROGRAM AND PERSONAL POPULARITY, HOWEVER, BELIES UNDER-
CURRENT OF DISCONTENT RESULTING FROM INFLATIONARY
INCREASES IN COST OF LIVING AND GENERALLY STAGANT WAGES
(SEE A-132). BENEFITS OF ARANA DEVELOPMENT PROGRAM
HAVE NOT REACHED MASSES IN TANGIBLE FORM, WHILE
INFLATION HAS. COMMITMENT TO GENERAL WAGE INCREASES FOR
LOWEST PAID GOVERNMENT WORKERS, WHICH WILL PROBABLY SPARK
SIMILAR INCREASES IN PRIVATE SECTOR, WILL NO DOUBT DAMPEN
SOME OF THIS DISCONTENT. IN ORDER TO FINANCE A SIGNIFICANT
WAGE INCREASE, THE GOG WILL EITHER HAVE TO INCREASE ITS
REVENUES THROUGH HIGHER TAXES OR SACRIFICE SOME
ELEMENT OF THE DEVELOPMENT PROGRAM.

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PAGE 02 GUATEM 03192 02 OF 02 031742 Z

6. ARANA' S REMARKS ON THE OPPOSITION APPEAR PRIMARILY
DIRECTED AGAINST COLOM ARGUETA, WHO AS BEEN THE MOST

OUTSPOKEN AND EFRECTIVE CRITIC OF GOG. COLOM HAS
COF LIVING, AMONG OTHER CONDITIONS OF LIFE IN GUATEMALA.
ARANA' S SUCCESS IN DISCREDITING HIM WILL DEPEND MORE
ON THE GOG' S SUCCESS IN ATTACKING THESE BURNING ISSUES
THAN ON CRITICISM OF THE MAYOR FOR FAILING TO CLEAN UP
THE CITY' S MARKETS. WE NOTE THAT THE REITERATION
OF PLEDGE OF FREE ELECTIONS AND CONSTITUTIONAL SUCCESSION
IN THIS SPEECH WAS LESS CATEGORICAL THAN IN THE CHRISTMAS
SPEECH, AND SUGGESTS THAT ARANA' S COMMITMENT TO THE
DEMOCRATIC PROCESS IS RELATED TO GENERAL LAUGERUD' S
WINNING FREE ELECTIONS. END COMMENT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 10 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973GUATEM03192
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730768/abqceezi.tel
Line Count: 177
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 31 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31-Jan-2002 by martinjw>; APPROVED <15 FEB 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status:
Subject: PRESIDENT ARANA DELIVERS MAJOR SPEECH: PROMISES WAGE INCREASES; ATTACKS OPPOSITION
TAGS: PINT, GT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005